BAREFOOT POWER PTY. LTD.

ABN 80 112 576 397

ANNUAL REPORT

30TH JUNE 2015

Contents

COMPANY OVERVIEW

Established in 2005 Barefoot Power is an award winning Australian private company limited by shares. Barefoot designs, manufactures and distributes small scale discrete solar power solutions and lifestyle electronics into the Global Off-Grid Market. Our markets are predominately Africa, India and Papua New Guinea where Barefoot builds its business around the principle of socially driven decisions supported by a financial framework. This results in a triple bottom line of **P**eople, **P**lanet, **P**rofit

Now in its 11th year Barefoot has strengthened its business model distributing its products and services across our markets into large, medium and small enterprises who further distribute it to the final consumer. Together with our partners Barefoot builds strong sustainable businesses within the supply chain.

Barefoot's unique competitive advantage is that its extensive range of products provides modern electrical experiences to our end consumers, from initial market feedback on desired product design and features, to manufacturing at market leading quality standards, to last mile delivery and installation of products and complemented by after sales service and end support to the consumer.

2014-15 RESULTS AT A GLANCE

The Barefoot Power Group (the "Group") generated total revenue of AUD 5,144,785, an increase of 24.6% on the previous year (AUD 4,128,914). The Group incurred a loss for the year of AUD 2,226,511 (2014: AUD 2,707,636).

Continued deployment of the March 2013 business strategy saw the successful launch of an expanded range of accessories including fans, radios, TVs and refrigerators. Since the implementation of the small home system and lifestyle electronic strategy in March 2013 Barefoot has returned to consistent growth each year, increasing revenue 62.4% in the two years since 30 June 2013.

Barefoot restructured its businesses in February 2015, reducing its annualised operating costs by 31%.

A major contract with Unilever Kenya was completed. 14,000 CONNECT systems were installed in employees' homes replacing kerosene lamps, providing effective and healthy lighting for families and a platform on which more life enhancing accessories can be added at a future date.

In September 2015, an important contract was signed with the Kenyan Women's Finance Trust (KWFT).The scale of this business will become evident during the next few months

The Company significantly expanded its pipeline of large potential customers and is now actively pursuing over 25 opportunities, several of which will be decided during Q2 and Q3 of 2015-16.

Barefoot Power's products have now reached approximately 5 million people.

Barefoot Power continued to attract grant funding as a result of its innovative business model. While supportive to our operations grant funding is declining in relative importance to our business model and funding requirements.

In September 2015 the Company announced a Rights Issue to raise new equity of up to USD 1.5 million. The offer of securities will be issued to shareholders early in November 2015 with the equity raise to be completed during the 3rd quarter ending 31 March 2016.

REPORT OF THE CHAIR AND CHIEF EXECUTIVE

Progress in our Markets

2014-5 saw the Barefoot Power Group grow revenues 24.6% year on year as the new products and strategy were released into our market. While the Unilever contract signed early in 2014 exceeded expectations, the Total and KTDA agreements signed early in 2014 failed to generate significant orders. As a result the Company experienced strong early growth in H1 2014-15. However the growth declined through the year as the Unilever project completed. Full year revenue remained significantly above the previous year.

The Company realised significant growth in India and Papua New Guinea. Results in Asia/Pacific, were lower than expectations.

During the year, the Company developed a range of large enterprise and member customer opportunities in addition to supplying to a range of medium enterprise customers within the geographic businesses.

Leveraging the success of the 2014 Unilever Kenya contract, the Company now has in excess of 25 large customer pipeline opportunities at various stages of negotiation.

The Unilever Kenya contract illustrates and validates the March 2013 Strategy. It is a Large Enterprise with distribution reach focussed on our target market of rural off grid communities requiring access to the modern convenience of electrification. The project was successfully completed in 2014 after being extended from the original 10,000 home requirement to include two additional regions and one additional country. This resulted in the successful installation of 14,000 CONNECT systems in employee homes, replacing kerosene lamps with healthy and effective lighting and providing opportunity for expansion into other life enhancing electronics overtime. The systems were installed by the Company training up local people to perform both the installation and to be responsible for after sales service.

In September 2015 the Company announced a partnership with the Kenyan Women's Finance Trust (KWFT). KWFT is Kenya's second largest microfinance organisation, has been in business for 37 years and has more than 600,000 members. On commencement of a 4 district pilot in September the interest in loan applications exceeded partner's expectations. First orders being placed during September. The initial success confirms the large aspirations of both partners. The pilot is due to conclude in December 2015 when preparation for full country rollout will be finalised.

Other significant customer pipeline opportunities are being developed in Uganda, India and Papua New Guinea.

The Barefoot CONNECT Home System together with Go portable lantern systems launched in 2013 continued to be the basis of the Company's product range to our predominately off grid rural community markets. These systems are expandable, durable and affordable, delivering brighter light, longer run times. Barefoot offers installation and comprehensive after service.

The CONNECT series within the company's design cycle received an "in life" design refresh during the year fine tuning kit configuration to updated market feedback. As part of the refresh Barefoot launched the CONNECT Lithium, a 10w system with increased lifetime and improved (environmentally friendly) battery chemistry for the market. It is also capable of powering a TV for up to 2 hours.

The Company continued to expand its product range throughout the year which now includes Fan, Radio, TV and a Refrigerator. These life enhancing electronics achieved steady revenues with the Company's main emphasis being on developing the home systems market. All lifestyle electronics are powered by 12v DC.

Slower revenue growth than expected resulted in negative earnings of A$2,226,511. Combined with the decision to delay the planned D Round equity raise, this resulted in a further reduction of net equity. The Company was able to finance its working capital though the successful launch of a revolving Trade Finance Fund in June 2014.

In response to the lower revenue growth, in October 2014 the company commenced implementation of a major reduction in the operating expenses, aimed at becoming operating cash neutral at the current level of trading. This programme was completed in April 2015. As a result resources within the company are now aligned to business activity.

Management Development and Governance

During the 2014-15 year the company further developed its processes in accordance with the strategy. The board and senior management deepened its governance and controls to provide focus on key outcomes required of the business.

At its June 2014 meeting, the board initiated five board Committees: Financing, Forecasting, Audit, Remuneration and Performance, and Board Membership. These Committees have strengthened communication and collaboration between management and the board. In September 2015, the Financing and Forecasting Committees were combined and the Board Membership Committee will meet as needed.

In September 2015, the board and management conducted its regular face to face strategy meeting this time in Nairobi, Kenya, its fifth since late in 2010 and the first since the Bangalore India meeting in May 2014. It included a truly inspiring visit to one of the Unilever tea plantations where the families showed us the difference the CONNECT home systems are making to their lives.

The Managing Director of KWFT joined us for a contract signing ceremony, a customer evening took place and the board met many of the Company's Kenya employees. Several key decisions were taken about the Company's future financing.

Management continue to extend the SEED selling system and to utilise the LEAD management principles system introduced during 2013-14, providing new and necessary skills to managers and staff.

During the year the Company engaged highly skilled locally based managers improving the cultural fit across our operations.

Barefoot Capital

The board has decided to conduct a Rights Issue to raise new equity of up to USD 1.5 million. The offer of securities will be issued to shareholders early in November 2015 with the equity raise to be completed during the 3rd quarter ending 31 March 2016. Broad shareholder interest has already been expressed. The issue will provide additional working capital for growth and will provide a buffer for the large short term swings in orders which are a characteristic of this market. It will also support the company's medium to longer term funding plan.

Financial Outlook

Although the company performed below budget for Q1 2015-16, the level of trading was above Q4 2014-15. The Rights issue will underwrite the continued improvement of trading as the year progresses, enabling the company to fund its growing working capital requirements. At budget level it is expected that the Company will trade marginally below positive net income but with positive cash flow for the full year. A conservative budget for the 2015-16 year has been set. We expect to realise additional customer pipeline sales which may result in stronger growth than budgeted.

Company Operations and Governance is necessarily focussed on the successful outcome of the Rights Issue in the near term followed by continued success in the conversion and rollout of non-budgeted customer pipeline sales

David Hind
Chair

Rick Hooper
Chief Executive Officer

CORPORATE DIRECTORY

Corporate Structure

Equity

Barefoot Power Pty Ltd, the parent entity, is incorporated in Australia. Its issued capital is held by its founders, institutional investors and angel investors.

The equity base now includes the early equity investments by Oikocredit, Founders and family and friends, local and international angel investors and institutional investments by Oikocredit, Kam Investments, Grace Foundation, Insitor Fund, Ennovent Mauritius and Dutch Oak Tree Foundation.

Details of the current shareholdings are included in the table on page 55.

Barefoot Power Hong Kong Ltd ("BFP HK") is 100% owned by Barefoot Power Pty Limited. This company supplies product to global customers not serviced by the Company's in-country distribution entities in India, Uganda, Kenya, Ghana and Rwanda.

Barefoot Power (Uganda) Limited is 90% owned by Barefoot Power and 10% by a local entrepreneur who specializes in rural Information and communication technology (ICT) access. This company is the in-country distributor of Barefoot Power products in Uganda.

Barefoot Power Kenya Limited (formerly Smart Solar (Kenya) Limited) is 100% owned by Barefoot Power. This company is the in-country distributor of Barefoot Power products in Kenya.

Barefoot Power Africa Limited, incorporated in Kenya, is 100% owned by Barefoot Power and is the importation and distribution hub for Africa, including to the Africa-based group companies in Uganda, Kenya and Rwanda. The company also includes an operating division registered as a foreign entity in Ghana, which carries out in-country distribution activities in that country.

Barefoot Power Rwanda Limited is 100% owned by Barefoot Power Africa Limited and carries out in-country distribution activities in Rwanda.

Barefoot Power Co. Limited, incorporated in China, is 100% owned by Barefoot Power Pty Limited and has been established to procure product and components from multiple suppliers in China and export to the Barefoot Power sales organisation, Barefoot Power Hong Kong Limited, Barefoot Power Africa Limited and Barefoot Power India Pvt Limited. The company also carries out product quality assurance activities.

Barefoot Power India Pvt Limited is 100% owned by Barefoot Power Pty Limited and carries out in-country distribution in India.

Barefoot Power holds a minority interest in Jamii Bora Power, a Kenyan company. This company has not been operational since the 2011-12 year.

Debt

In addition to the equity supplied by shareholders, the company has been funded with debt provided by its shareholders and other Australian, European and US institutional and angel investors. At 30 June 2015 the company had outstanding debt of approximately AUD 3.30M (2014: AUD 2.59M).

The company intends to raise further institutional debt to provide for its growing working capital requirements.

Grant Support

During the year the Barefoot group received grants of approximately USD 400,000. Since year end a further USD 100,000 has been received

Registered Address

The Company's registered address is:
Suite 206
2 Pembroke Street
Epping, NSW, 2121, Australia

DIRECTORS' BIOGRAPHIES

David Hind

Chair

David Hind has been an angel investor in Barefoot Power since 2006 and has been Chair since April 2009. David is an Adjunct Associate Professor at the University of Sydney and is Director of External Relations at the School of Chemical and Biomolecular Engineering. David retired as Managing Director of BOC South Pacific in 2005 after a 37 years career with the BOC Group in Thailand, the UK, Japan and Australia. He was Chair of The Australian National Training Authority (ANTA) until 2005, President of The Business Higher Education Round Table (B-HERT) until 2009 and Chair of Skills Tasmania until December 2013. David was a director of childhood cancer charity Redkite from 2006 to 2015.

David holds a Bachelor of Chemical Engineering Honours degree from the University of Sydney, is a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE), a Fellow of the Institution of Chemical Engineers (IChemE) and a Fellow of the institution of Engineers Australia (EA).

Harry Andrews

Founder and Director

Harry Andrews is a co-founder of Barefoot Power and was joint Managing Director until September 2010 and Business Development Manager for Africa until March 2011. Harry has a background of 8 years in renewable energy policy, project management and environmental assessment. Harry has worked extensively in Papua New Guinea, East Africa and Fiji. Harry has a Bachelor of Arts (Environmental Studies) and postgraduate qualifications in Environmental Impact Assessment. He is also currently completing his Masters in Development Studies.

Tom Keleher

Director

Tom Keleher is the Deputy Director of Equity Investments at Oikocredit in The Netherlands where he is a member of the global equities leadership team. Tom is directly responsible for several investments and is active on company boards and Advisory Committees. He has helped grow the equity portfolio to a value of approximately € 100 million. Tom holds a Master's degree from Kellogg Graduate School of Management (Northwestern University) and holds the Chartered Financial Analyst (CFA) designation.

John Altmann

Director

John Altmann is the executive director of The Grace Foundation, a Christian charitable foundation which invests in social enterprise based solutions to poverty. He has extensive experience in evaluating early stage social investments in energy efficiency and has overseen The Grace Foundation's ongoing investment in a solar lighting and fuel-efficient stoves business in Tanzania. He is also a lawyer with his own practice in Melbourne specializing in charitable and social enterprise structuring and corporate governance. He holds degrees in law and theology from the University of Melbourne.

Toine Huijbers

Director

Toine Huijbers is Manager Finance at DOB Equity, an impact investor based in the Netherlands. He is the investment manager and was a member of the Board of Directors of Tanga Fresh Ltd, the leading dairy company in Tanzania which was the first equity investment of d.o.b in 2007. In the past Toine was General Manager of Caripro Engineering BV, a manufacturer of rides for amusement parks worldwide and Brinkmans Advies Groep a consulting company for SMEs in the Netherlands. Toine holds a Master degree in Business Economics from Tilburg University in the Netherlands and specialized in Finance.

Hedwig Siewertsen (RESIGNED in April 2015)

Alternate Director (for Toine Huijbers)

Hedwig Siewertsen was Managing Director of DOB Equity, an impact investor based in the Netherlands, until April 2015. She is board member of Prothem S.A., the first and only privately owned tea factory in Burundi that sources tea from 10,000 smallholders. Prior to this position Hedwig was 12 years deputy director and SME finance consultant at Triodos Facet, a consultancy firm specialized in SME and entrepreneurship development in developing countries. Prior to that position she worked 6 years for the International Labour Organization as associate expert in microfinance and micro enterprise development in Madagascar and Tanzania. Hedwig joined the board as alternate director in June 2012 and resigned in April 2015.

DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2015.

Directors

The names of the directors in office at any time during, or since the end of, the year are

David Hind	Tom Keleher
Harry Andrews	Toine Huijbers
John Altmann	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Hedwig Siewertsen, alternate Director for Toine Huijbers, resigned on 29 April 2015.

Review of Operations

The consolidated loss of the Barefoot Power group for the financial year, after providing for income tax, amounted to AUD 2,226,511 (2014: loss of AUD 2,707,636).

Total revenue increased by 24.6% to AUD 5,144,785 (2014: AUD 4,128,914).

Significant Changes in the State of Affairs

There were no significant changes in the consolidated group's state of affairs that occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year consisted of design, manufactures and distribution of small scale discrete solar power solutions and lifestyle electronics into the Global Off-Grid Market mainly in Africa, India and Papua New Guinea. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

In September 2015 the Company announced a Rights Issue to raise new equity of up to USD 1.5 million. The offer of securities will be issued to shareholders early in November 2015 with the equity raise to be completed during the 3rd quarter ending 31 March 2016. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

External Audit

Group auditor Mazars extended its coverage to include audit of operations in Uganda and India.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

At 30 June 2015, there are no share options outstanding and during the year no options for the issue of shares were approved. No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year. No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

The Company periodically grants shares to employees as a component of remuneration through an Employee Share Plan or through individual employment contracts. During the year the company granted 958 unissued shares (2014: Nil) to employees and 342 unissued shares (2014: Nil) lapsed due to cessation of employment. Shares vest over periods up to 3 years. At 30 June 2015 there were 2,995 shares (2014: 2,378 shares) granted to staff not yet issued.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

David Hind	**Tom Keleher**
Chair	**Director**

Dated this 28th day of October 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BAREFOOT POWER PTY LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

Mazars Australia

P. N. Collins.

Paul Collins
Partner
Sydney, 4 November 2015

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FINANCIAL STATEMENTS 2014-15

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED GROUP	
		2015	2014
		$	$
Revenue from continuing operations	3	5,144,785	4,128,914
Other income	3	443,583	1,531,797
Changes in inventories		205,722	(213,700)
Cost of material		(3,351,723)	(2,062,185)
Shipping costs		(313,861)	(657,952)
Employee benefits expense		(2,336,015)	(2,301,726)
Depreciation and amortisation	4	(67,044)	(44,433)
Net finance income	4	(210,244)	(577,519)
Travel costs		(212,580)	(238,372)
Rental of premises	4	(175,589)	(142,186)
Impairment expenses	4	(226,316)	(447,741)
Consulting and professional fees		(220,377)	(326,445)
Selling and distribution		(188,696)	(129,479)
Marketing		(178,134)	(65,662)
Restructuring costs		(122,069)	(33,171)
Loss on acquisition of subsidiary	11	-	(700,660)
Other expenses		(417,951)	(427,118)
Loss before income tax		**(2,226,511)**	**(2,707,636)**
Income tax (expense)/revenue	5	-	-
Loss for the year		**(2,226,511)**	**(2,707,636)**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**4,271**	**274,674**
Total comprehensive loss for the year		**(2,222,240)**	**(2,432,962)**
Profit/(loss) attributable to:			
Equity holders of the Company		(2,148,073)	(2,672,543)
Non-controlling interest		(78,438)	(35,093)
Loss for the year		**(2,226,511)**	**(2,707,636)**
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company		(2,143,802)	(2,397,869)
Non-controlling interest		(78,438)	(35,093)
Total comprehensive loss for the year		**(2,222,240)**	**(2,432,962)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

The accompanying notes form part of these financial statements	Note	Consolidated Group	
		2015	2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	374,545	660,973
Trade and other receivables	9	1,748,176	2,684,979
Inventories	10	803,905	736,565
TOTAL CURRENT ASSETS		2,926,626	4,082,517
NON-CURRENT ASSETS			
Investments	11	-	-
Intangible assets	13	169,755	181,391
Plant and equipment	14	241,140	271,362
TOTAL NON-CURRENT ASSETS		410,895	452,753
TOTAL ASSETS		**3,337,520**	**4,535,269**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	2,129,289	1,820,914
Borrowings	16	3,130,645	2,592,404
TOTAL CURRENT LIABILITIES		5,259,934	4,413,318
NON-CURRENT LIABILITIES			
Borrowings	16	177,875	-
TOTAL NON-CURRENT LIABILITIES		177,875	-
TOTAL LIABILITIES		**5,437,809**	**4,413,318**
NET ASSETS		**(2,100,289)**	**121,952**
EQUITY			
Share capital	17	9,570,275	9,570,275
Accumulated losses		(11,579,082)	(9,431,008)
Reserves	24	92,966	88,695
Total Equity attributable to equity holders of the Company		(1,915,841)	227,962
Non-controlling Interests		(184,448)	(106,010)
TOTAL EQUITY		**(2,100,289)**	**121,952**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
FOR YEAR ENDED 30 JUNE 2015

	Note	Share capital	Accumulated Losses	Reserves	Non-controlling interests	Total
		$	$	$	$	$
Balance at 1 July 2013		**7,271,051**	**(6,758,465)**	**(185,979)**	**(70,917)**	**255,690**
Comprehensive income						
Profit/(loss) for the year		-	(2,672,543)	-	(35,093)	(2,707,636)
Other comprehensive income for the year		-	-	274,674	-	274,674
Total comprehensive income/(loss) for the year		**-**	**(2,672,543)**	**274,674**	**(35,093)**	**(2,432,962)**
Transactions with owners, in their capacity as owners and other transfers						
Proceeds from shares issued	17	2,299,224	-	-	-	2,299,224
Total transactions with owners and other transfers		**2,299,224**	**-**	**-**	**-**	**2,299,224**
Balance at 30 June 2014		**9,570,275**	**(9,431,009)**	**88,695**	**(106,010)**	**121,952**
Balance at 1 July 2014		**9,570,275**	**(9,431,009)**	**88,695**	**(106,010)**	**121,952**
Comprehensive income						
Profit/(loss) for the year		-	(2,148,073)	-	(78,438)	(2,226,511)
Other comprehensive income for the year		-	-	4,271	-	4,271
Total comprehensive income/(loss) for the year		**-**	**(2,148,073)**	**4,271**	**(78,438)**	**(2,222,240)**
Transactions with owners, in their capacity as owners and other transfers						
Proceeds from shares issued	17	-	-	-	-	-
Total transactions with owners and other transfers		**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2015		**9,570,275**	**(11,579,082)**	**92,966**	**(184,448)**	**(2,100,289)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other income		5,368,030	4,673,667
Payments to suppliers		(6,117,023)	(7,511,923)
Interest paid on borrowings		(261,539)	(196,543)
Interest received		5,751	8,177
Net cash used in operating activities	20a	**(1,004,781)**	**(3,026,622)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(23,382)	(134,545)
Payment for intangible assets		(2,342)	(64,791)
Trade finance loans provided to importers		(32,103)	(56,785)
Payment of deposits		37,562	123,084
Loans to related parties		-	346,520
Net cash used in investing activities		**(20,265)**	**213,483**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,357,855
Cost of share issue		-	(58,631)
Proceeds from Borrowings		1,233,736	635,640
Repayment of bank loan		(9,648)	(8,100)
Net (decrease)/ increase in convertible loans and other loans		(120,563)	(282,930)
Net cash provided by financing activities		**1,103,525**	**2,643,833**
Net Increase in cash held		78,480	(169,306)
Cash and cash equivalents at beginning of financial year		660,973	555,606
Foreign exchange translation difference		(364,910)	274,674
Cash and cash equivalents at end of financial year	**8**	**374,545**	**660,973**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 28 October 2015 by the directors of the company.

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Barefoot Power Pty Ltd at the end of the reporting period. Barefoot Power Pty Limited controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d. **Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	36% - 50%
Plant and equipment	20% - 67%
Motor vehicles	20%
Furniture and fittings	12.5%

Tooling and product development costs Amortised over useful life of 500,000 units

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

e. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership, which are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

f. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie, trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting during the next reporting period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposure if the guaranteed party were to default.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for intangible assets with indefinite lives.

Impairment testing is performed annually for intangible assets with indefinite lives.

h. **Jointly controlled entity**

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or the Company and other entities, where the contractual arrangement establishes that the Group or the company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment.

When the Group's share of loss exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long term interests that in substance form part of the Group's net investment in the jointly controlled entity. Unrealised profit and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit or loss.

i. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The Group's transactions are denominated in multi currencies, including Hong Kong Dollars ("HKD"), Kenyan Shilling ("KES"), Uganda Shilling ("UGX"), Renminbi ("RMB"), Euro ("EUR") and United States Dollars ("USD"). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

i. **Foreign Currency Transactions and Balances (continued)**

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

j. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share-based compensation

The Group operates a share-based compensation plan, under which the entity receives services from employees and consultants as consideration for equity instruments of the Group. The fair value of employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the services received for the shares granted.

k. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. **Revenue and Other Income**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods are recognised when the goods are delivered and the risks and rewards of ownership have passed to the customers;

(ii) Consultancy income is recognised when the right to receive payment is established;

(iii) Grant income is recognised when the right to receive payment is established;

(iv) Shipping income is recognised when services are provided;

(v) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rates applicable; and

(vi) Management fee income is recognised when the services are rendered.

All revenue is stated net of the amount of goods and services tax (GST) or value-added-tax.

n. **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

o. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

p. **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

q. **Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable increment costs (net of income taxes) is deducted from equity attributable to the owners of Barefoot Power Pty Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Barefoot Power Pty Limited.

r. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

t. **New Accounting Standards and Interpretations**

The group has applied all applicable mandatory accounting standards and amendments effective for the reporting period commencing 1 July 2014 for the first time and there is no impact on the current accounting policies or any disclosures within the financial statement.

u. **New Accounting Standards and Interpretations Issued But Not yet Effective**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The new standards, interpretations and amendments are not expected to have a significant impact on the financial statement and the company does not intend to early adopt them.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting	1 July 2015	30 June 2016

Requirements for Australian Groups with a Foreign Parent'		
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

v. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Warranty provision*

The directors estimate warranty provision of $74,225 at 30 June 2015, based on the historical transactions.

Key judgments

(i) *Provision for impairment of receivables*

Included in trade and other receivables at the end of the reporting period is a provision against the amount receivable from sales during the current financial year amounting to $288,386. The directors believe this provision for impairment is adequate at 30 June 2015.

(ii) *Provision for impairment of inventories*

The directors estimate provision for impairment of inventories of $332,760 at 30 June 2015.

w. **Going concern**

The directors note that as at 30 June 2015 the Barefoot Power Group has negative net equity of AUD 2,100,289 following an operating loss for the year of AUD 2,226,511. Additionally, liabilities of the company include $3,013,106 shareholder loans. Shareholders have agreed not to call for the payment of a minimum of $2,661,950 of these loans within at least 12 months from the approval of the financial statements for the year ended 30 June 2015.

The Barefoot Power Group experienced improved trading results in the 2014-15 financial year with a 24.6 % increase in operating revenue over the previous year. Continued deployment of the March 2013 business strategy saw the successful launch of an expanded range of accessories including fans, radios, TVs and refrigerators. Since the implementation of the small home system and lifestyle electronic strategy Barefoot has returned to consistent growth each year increasing revenue by 62.4% in the two years since 30 June 2013. Barefoot restructured its businesses in February 2015, reducing its annualised operating costs by 31%. A major contract with Unilever Kenya was completed during the year, involving the installation of 14,000 Connect systems in employee homes.

In June 2015 the directors approved a Budget for the year ending 30 June 2016 and Forecast for the four years ending 30 June 2019 which are based on the current strategy and products, and which indicate increasing positive net equity and positive operating cash flows.

In September 2015 an important contract was signed with the Kenyan Women's finance Trust (KWFT) with the scale of the business to be determined over the next few months, but expected to significantly impact operating revenues in the current 2015-16 financial year and following years.

In September 2015 the Company announced a Rights Issue to raise new equity of up to USD 1.5 million. The offer of securities will be issued to shareholders early in November 2015 with the equity raise to be completed by during the 3rd quarter ending 31 March 2016. This will strengthen the balance sheet in order to continue to raise working capital on more commercial terms to support the evolving customer pipeline opportunities.

The Directors consider that it is appropriate to prepare these financial statements for the year ended 30 June 2015 on a Going Concern Basis.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts, or classification of, recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2: Parent Information

STATEMENT OF FINANCIAL POSITION	2015 $	2014 $

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2015 $	2014 $
ASSETS		
Current assets	8,570,476	7,188,991
TOTAL ASSETS	8,960,545	7,600,295
LIABILITIES		
Current liabilities	4,084,733	3,144,339
TOTAL LIABILITIES	4,111,274	3,144,339
EQUITY		
Issued capital	9,570,275	9,570,275
Accumulated losses	(5,036,327)	(5,093,814)
Reserves	315,323	(20,505)
NET EQUITY	4,849,271	4,455,956
STATEMENT OF COMPREHENSIVE INCOME		
Total profit / (loss)	42,544	(263,037)
Total comprehensive profit / (loss)	42,544	(263,037)

Guarantees

Guarantees entered into by Barefoot Power Pty Limited, in the current or previous financial year, in relation to the debts of its subsidiaries and jointly controlled entities, are disclosed in Note 19.

Contingent liabilities

At 30 June 2015, Barefoot Power Pty Limited did not have contingent liabilities.

Contractual commitments

At 30 June 2015, Barefoot Power Pty Ltd had entered into contractual commitments for the purchase of inventory $198,125.

Note 3: Revenue and Other Income

	Note	Consolidated Group	
		2015 $	2014 $
Sales revenue:			
– Sale of goods		4,872,227	3,811,230
– Shipping revenue		266,807	309,507
		5,139,035	4,120,737
Other revenue:			
– Interest received – unrelated entities		5,751	8,177
- Interest received – related entities		-	-
– Management fees		-	-
		5,751	8,177
Total revenue		**5,144,785**	**4,128,914**
Other income:			
– Grant income		443,583	1,529,256
– Miscellaneous income		-	2,541
Total other income		**443,583**	**1,531,797**

The 2014 grant income was mainly received from the G20 Group of Countries, managed by International Finance Corporation, to fund consumer finance initiatives in accordance with the agreement dated 6 June 2012 and completed prior to 30 June 2014.

Note 4: Profit before Income Tax

	Consolidated Group	
	2015	**2014**
	$	**$**
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expenses	67,044	44,433
Intangible assets written off	2,288	2,468
Rental of premises	175,589	142,186
Impairment expenses		
- Trade receivables	221,213	96,031
- Inventories	5,103	351,710
	226,316	447,741
Net finance loss / (income)		
- Interest expense – bank loans	4,347	6,470
- Interest expense – convertible loans and other borrowings	257,192	192,465
- Foreign exchange losses / (gains) – net	(51,295)	381,043
Net loss	210,244	579,977

Note 5: Income Tax Expense

	Consolidated Group 2015 $	2014 $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%):	(667,953)	(812,291)
Add/(less):		
Tax effect of parent company:		
– Non allowable expenses	(335,132)	68,194
– Temporary differences not brought into account	34,086	33,240
– Income tax losses not brought into account	-	-
– Income tax losses brought into account	288,283	(22,524)
Impact of unrecognised tax losses and temporary differences from subsidiaries	680,716	733,381
Income tax attributable to entity	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

– temporary differences $770,474 (tax effect @ 30%: $231,142)

– tax losses: operating losses $4,481,276 (tax effect @ 30%: $1,344,383)

Note 6: Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	Consolidated Group 2015 $	2014 $
Short-term benefits	420,157	473,998
Other long-term benefits – share compensation	83,317	80,000
Other long-term benefits – superannuation	70,483	62,565
	573,957	615,563

Other KMP transactions

For details of other transactions with KMP, refer to Note 22: Related Party Transactions.

Note 7: Auditors' Remuneration

Remuneration of the auditor of the parent entity for:

	Consolidated Group	
	2015 **$**	**2014** **$**
– Mazars Australia, auditing the financial statements	34,800	42,000
– Crowe Horwath Sydney, auditing the financial statements	-	17,033
Remuneration of other auditors of subsidiaries for:		
– auditing the financial statements of subsidiaries	42,750	32,909
	77,550	91,942

Note 8: Cash and Cash Equivalents

	Consolidated Group	
	2015 **$**	**2014** **$**
CURRENT		
Cash at bank	374,545	660,973

Note 9: Trade and Other Receivables

		Consolidated Group	
		2015 $	2014 $
CURRENT			
Trade receivables		983,196	705,867
Provision for impairment	9a	(288,386)	(105,946)
		694,810	599,921
Grant receivables		18,315	345,047
Other receivables		528,478	673,216
Advance payments to suppliers for inventory		442,747	1,037,534
Prepayments		63,826	29,261
		1,053,366	2,085,058
Total current trade and other receivables		1,748,176	2,684,979

Other receivables includes amounts due from customers in respect of borrowings from crowd-sourced funding organisation, Kiva $358,856 (2014: $326,753). Barefoot Power acts as agent for Kiva in receiving funds from Kiva and forwarding to the customers, and then receiving repayments from the customers and passing them back to Kiva. Barefoot Power has no legal obligations to Kiva other than to remit back to Kiva all funds received from the customers as repayments.

Other receivables also include value added tax refunds due and security deposits.

a. **Provision for impairment of receivables**

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item. Movement in the provision for impairment of receivables is as follows:

	Opening Balance $	Charge for the Year $	Amounts Written Off $	Closing Balance $
Current trade and other receivables – 30 June 2015	105,946	221,213	(38,773)	288,386
Current trade and other receivables- 30 June 2014	394,839	96,031	(384,924)	105,946

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned above. The main source of credit risk to the Group is considered to relate to the class of assets described as “trade and other receivables”.

The following table details the Group’s trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as “past due” when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
2015							
Trade and term receivables	983,196	288,386	244,882	110,233	76,176	152,840	110,678
Other receivables	1,053,366	-	-	-	-	-	1,053,366
Total	2,036,562	288,386	244,882	110,233	76,176	152,840	1,164,044761
2014							
Trade and term receivables	739,222	105,946	170,325	42,393	12,526	132,329	275,703
Other receivables	2,085,058	-	-	-	-	-	2,085,058
Total	2,824,280	105,946	170,325	42,393	12,526	132,329	2,360,761

The Group does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

b. **Collateral pledged**

All assets of the Group are used as security for the borrowings, as disclosed in note 16.

Note 10: Inventories

	Note	Consolidated Group	
		2015	**2014**
		$	**$**
CURRENT			
At cost:			
– Finished goods		1,120,154	1,017,083
– Inventories in transit		16,512	93,084
– Work in progress		-	42,151
Provision for inventory write down		(332,760)	(415,752)
		803,905	736,565

The cost of inventories recognised as expense and included in cost of sales in the statement of profit or loss and comprehensive income amounted to $3,146,001 (2014: $1,679,764).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to $5,103 (2014: $351,710).

Note 11: Investment Accounted for Using the Equity Method

	Note	Consolidated Group	
		2015	**2014**
		$	**$**
Interests in joint venture entities		-	-

Name	**Principal Activity**	**Country of Incorporation**	**Ownership Interest***		**Carrying Amount of Investment**	
			2015	**2014**	**2015**	**2014**
			%	**%**	**$**	**$**
Jamii Bora Power Limited	Dormant company, in the process of being deregistered	Kenya	20%	20%	-	-

Note 12: Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
		2015	2014
Barefoot Power Hong Kong Limited	China	100%	100%
Barefoot Power Uganda Limited	Uganda	90%	90%
Barefoot Power (Africa) Limited	Kenya	100%	100%
Barefoot Power Co. Limited	China	100%	100%
Barefoot Power Rwanda Limited	Rwanda	100%	100%
Barefoot Power India Pvt Limited	India	100%	100%
Barefoot Power Kenya Limited	Kenya	100%	100%

During the year ended 30 June 2014, the remaining 50% interest in a jointly controlled entity, Barefoot Power Kenya Limited, were acquired by a 100% owned controlled entity, Barefoot Power Africa Limited.

The consolidated profit and loss for the year ended 30 June 2014 included the share of revenue $371,972 and loss after income tax $172,855, of Barefoot Power Kenya Limited during the period in which it was a jointly controlled entity, from 1 July 2013 to 4 April 2014. From that date use of the Equity Method of accounting for the interest held ceased.

Barefoot Power Kenya Limited contributed revenues, including grants, of $147,415 and profit after tax of $33,798 to the consolidated entity for the period from 4 April 2014 to 30 June 2014. If the acquisition had occurred on 1 July 2013, the full 2014 year contributions would have been revenues, including grants, of $524,772 and loss after tax of $138,857. Pre-acquisition accumulated losses of Barefoot Power Kenya Limited of $700,660 were brought to account in the current loss for the 2014 year.

Note 13: Intangible Assets

	Consolidated Group	
	2015	2014
	$	$
Product development costs	190,129	187,787
Less Accumulated amortisation	(20,374)	(6,396)
	169,755	181,391
Movements in carrying amounts		
Balance at 1 July 2014	181,391	122,138
Additions	2,342	64,791
Amortisation expense	(13,978)	(5,538)
Carrying amount at 30 June 2015	169,755	181,391

Amortisation is based on a useful life of 500,000 units of each of the Barefoot Go and Barefoot Connect products. Cumulatively to 30 June 2015, 31,408 units of Barefoot Go and 44,041 units of Barefoot Connect had been sold.

As at 30 June 2015, Barefoot Power has not contracted to carry out any further product development work.

Note 14: Plant and Equipment

	Consolidated Group	
	2015	**2014**
	$	**$**
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	193,659	195,279
Accumulated depreciation	(49,921)	(40,900)
	143,738	154,379
Office equipment:		
At cost	104,073	77,099
Accumulated depreciation	(71,757)	(40,132)
	32,317	36,967
Motor vehicles		
At cost	47,032	55,569
Accumulated depreciation	(34,289)	(32,011)
	12,743	23,559
Furniture and fittings		
At cost	81,004	65,643
Accumulated depreciation	(28,662)	(9,186)
	52,343	56,457
Total property, plant and equipment	241,140	271,362

Note 14: Plant and Equipment (cont.)

	Plant and equipment $	Office equipment $	Motor vehicles $	Furniture & fittings $	Total $
Movement in the carrying amounts:					
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.					
Balance at 1 July 2014	80,600	42,583	30,213	21,778	175,174
Additions	77,306	10,668	5,522	41,048	134,545
Disposals – written-down value	-	(3,841)	(3,042)	(312)	(7,195)
Depreciation expense	(6,152)	(14,741)	(12,052)	(11,489)	(44,433)
Exchange adjustment	2,624	2,298	2,917	5,431	13,270
Carrying amount at 30 June 2014	154,379	36,967	23,559	56,457	271,362
Additions	6,626	8,421	-	3,780	18,827
Disposals – written-down value	-	-	(3,937)	-	(3,937)
Depreciation expense	(20,312)	(15,376)	(8,092)	(9,286)	(53,066)
Exchange adjustment	3,045	2,305	1,213	1,392	7,954
Carrying amount at 30 June 2015	143,738	32,317	12,743	52,343	241,140

Note 15: Trade and Other Payables

	Note	Consolidated Group	
		2015	**2014**
		$	**$**
CURRENT			
Trade creditors		953,707	653,754
Deposits received		195,194	193,207
Unearned income – grants		118,808	-
Other creditors and accruals		611,087	502,577
Amounts owing to directors	22	12,367	3,900
Amounts owing to employees		81,205	285,331
Provision for annual leave		82,696	97,748
Provision for warranty		74,225	84,397
		2,129,289	1,820,914

Other creditors and accruals include amounts received from crowd-sourced funding organisation, Kiva on behalf of customers and passed on to those customers. These amounts are repayable to Kiva upon repayment by customers $387,409 (2014: $331,036). Barefoot Power acts as agent for Kiva passing Kiva borrowed funds to the customers, and then receiving repayments from the customers and passing them passing back to Kiva. Barefoot Power has no legal obligations to Kiva other than in respect of monies received from the customers for repayment back to Kiva.

Note 16: Borrowings

		Consolidated Group	
		2015	**2014**
		$	**$**
CURRENT			
Bank loans	16c	14,070	36,190
Convertible loans and non-convertible loans	16c	943,481	984,314
Working capital loans	16c	2,173,094	1,326,767
Secured Debt – Dutch Oak Tree Foundation	16c	-	245,133
Total current borrowings		3,130,645	2,592,404
NON-CURRENT			
Bank loans	16c	12,472	-
Convertible loans	16c	165,403	-
Total non-current borrowings		177,875	-
Total borrowings		3,308,520	2,592,404
a. Total current and non-current secured liabilities:			
Bank loan		26,542	36,190
Convertible loans and non-convertible loans		3,281,978	2,556,214
		3,308,520	2,592,404
b. The carrying amounts of assets pledged as security are:			
All current and non-current assets of Barefoot Power Pty Limited		8,960,545	7,600,295

c. The bank loans are secured by a first registered mortgage over all the assets and undertakings of Barefoot Power Pty Limited and individual guarantee and indemnity from Stewart Alexander Craine and Harry Winston Alford Andrews in respect of the obligations of Barefoot Power Pty Limited to $86,850 each.

Convertible loans and non-convertible loans mature in one to three years from the contract date at their nominal value. The notes are convertible into shares at the holders' option at the rate of $125 per share. The values of the liability and equity conversion components were determined at the loan contract date. The convertible loans bear interest rates of between 7% and 15%.

Convertible loans and non-convertible loans are secured by all current and non-current tangible assets of Barefoot Power Pty Limited.

Working capital loans include an amount of $133,060 which is secured by a charge over the company's assets and bears interest at a rate of 8.5%. The remaining loans totalling $2,040,034 are unsecured and bear interest rates of 8% to 8.5%.

Note 16: Borrowings (cont.)

Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

		Consolidated Group	
		2015	2014
		$	$
Cash and cash equivalents	8	53,490	147,630
Trade and other receivables	9	561,009	817,119
Total financial assets pledged		614,499	964,749

Note 17: Share Capital

	Consolidated Group	
	2015	2014
	$	$
92,896 (2014: 92,896) fully paid ordinary shares	9,570,275	9,570,275
	9,570,275	9,570,275

The company has no authorised share capital amount and the ordinary shares have no par value.

a. **Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	No.	$
Ordinary shares		
At the beginning of the reporting period	92,896	9,570,275
Issued during the year	-	-
At the end of the reporting period	92,896	9,570,275

b. **Capital Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 17: Share Capital (cont.)

There have been no changes in the strategy adopted by management to manage capital of the Group since the prior year. The gearing rations for the year ended 30 June 2015 and 30 June 2014 are as follows:

		Consolidated Group	
		2015	2014
		$	$
Total debt	16	3,308,520	2,592,404
Total equity		(2,100,289)	121,952
Total capital		1,208,231	2,714,356
Gearing ratio		273.8%	95.5%

c. Debt is defined as all interest-bearing borrowings of the Barefoot Power group.

Note 18: Commitments

	Note	Consolidated Group	
		2015	2014
		$	$
a. **Operating Lease Commitments**			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable – minimum lease payments:			
– not later than 12 months		129,533	108,397
– between 12 months and five years		190,858	166,443
– greater than five years		-	14,031
		320,392	288,871

The property leases are non-cancellable leases with one to six-year terms, with rent payable monthly in advance.

b. **Contractual commitments**

At 30 June 2015, Barefoot Power Pty Ltd had entered into contractual commitments for the development of a new generation of energy solutions targeted at the needs of communities in developing countries $Nil (2014 $Nil) and for purchase of inventory in the normal course of business $198,125 (2014: $293,164).

Note 19: Contingent Liabilities and Contingent Assets

Except for the financial mortgage / guarantees for the borrowings disclosed in note 16, the Group had no contingent liabilities nor contingent assets at 30 June 2015 and 2014.

Note 20: Cash Flow Information

		Consolidated Group	
		2015	2014
		$	$
a.	**Reconciliation of cash flow from operations with profit after income tax**		
	Loss after income tax	(2,226,511)	(2,707,635)
	Non-cash flows in profit:		
	– Depreciation	67,044	44,433
	– Doubtful debts	221,213	96,031
	– Stock provision	5,103	351,710
	– Salaries brought to account through equity reserve	121,661	-
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– Increase/(decrease) in trade and other receivables	966,445	(1,630,569)
	– increase/(decrease) in inventories	(293,816)	70,983
	– increase/(decrease) in trade and other payables	134,080	748,426
	Net cash used in operating activities	(1,004,781)	(3,026,622)

b. **Non-cash financing and investing activities**

- There were no non-cash financing and investing activities during the year.

Note 21: Events after the Reporting Period

In September 2015 the Company announced a Rights Issue to raise new equity of up to USD 1.5 million. The offer of securities will be issued to shareholders early in November 2015 with the equity raise to be completed during the 3rd quarter ending 31 March 2016.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Note 22: Related Party Transactions

	Note	Consolidated Group	
		2015	**2014**
		$	**$**
Amount payable to related entities			
Directors fees to shareholders	(a)	12,367	3,900
Salaries to shareholders	(a)	10,664	1,485
Loans from entity in which director holds an interest	(b)	164,537	124,244
Amount owing to shareholders – of parent entity	(c)	3,013,106	1,980,658
Loan between Dutch Oak Tree Foundation and BFP Uganda - USD Nil (2014: USD 225,000)	(d)	-	245,133

(a) Salaries and directors fees owing to shareholders are unsecured.

b) At 30 June 2015 the parent entity had a working capital loan and accrued interest of $143,074 (2014: $106,836) payable to the DAH & JSH Retirement Fund. Mr David Hind, a member of the Board of directors, is a beneficiary of the DAH & JSH Retirement Fund. Mr Hind is also a shareholder of the parent entity. This loan is also included in section (c) below. In addition, the parent entity had a non-convertible loan and accrued interest of $21,463 (2014: $17,408) payable to Mrs Joan Shirley Hind, spouse of Mr David Hind.

(c) At 30 June 2015 the parent entity and controlled entities had convertible and non-convertible loans, working capital loans and accrued interest of $3,013,106 (2014: $1,980,658) payable to individuals and entities which are also shareholders of the parent entity. These loans attract interest at rates from 7.0% to 12.5%, have terms of between 1 and 3 years and are unsecured.

(d) At 30 June 2015 Dutch Oak Tree Foundation had issued a loan to BFP Uganda amounting to US$Nil (2014: US$225,000).

Note 23: Financial Risk Management

The Group's financial instruments consist mainly of cash at bank, accounts receivable and payable, bank loans, and convertible loans.
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2015	2014
		$	$
Financial assets			
Cash and cash equivalents	8	374,545	660,973
Trade and other receivables	9	1,748,176	2,684,979
Total financial assets		2,122,721	3,345,952
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	2,129,289	1,820,914
– borrowings	16	3,308,520	2,592,404
Total financial liabilities		5,437,809	4,413,318

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

a. **Credit risk**

The Group is exposed to credit risk in relation to its cash and bank balances and trade receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment provision is made for the irrecoverable amounts.

The credit risk on deposits with bank is limited because deposits are in banks with sound credit ratings.

b. **Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents and available funding deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying amounts, as the impact of discounting is not significant.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	2,129,289	1,820,914	-	-	-	-	2,129,289	1,820,914
Borrowings	3,308,520	2,592,404	-	-	-	-	3,308,520	2,592,404
Total expected outflows	5,437,809	4,413,318	-	-	-	-	5,437,809	4,413,318
Financial assets – cash flows realisable								
Cash and cash equivalents	374,545	660,973	-	-	-	-	374,545	660,973
Trade and other receivables	1,748,176	2,684,979	-	-	-	-	1,748,176	2,684,979
Total anticipated inflows	2,122,721	3,345,952	-	-	-	-	2,122,721	3,345,952
Net (outflow)/inflow on financial instruments	(3,315,088)	(1,067,366)	-	-	-	-	(3,315,088)	(1,067,366)

Financial assets pledged as collateral
Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 16 for further details.

c. **Market risk**

c. i. *Interest rate risk*

The interest rate risk of the Group arises from its various borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk while those issued at fixed rates expose the company to fair value interest rate risk.

c. ii. *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollars ("HKD"), Kenyan Shilling ("KES"), Uganda Shilling ("UGX"), China Renminbi ("RMB"), India Rupee ("INR"), Euro ("EUR") and United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and foreign exchange. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit	Equity
	$	$
Year ended 30 June 2015		
Increase by 1% in interest rates	(29,340)	(20,538)
Increase by 10% in foreign exchange rates	(350,603)	(245,422)
Year ended 30 June 2014		
Increase by 1% in interest rates	(19,314)	(13,520)
Increase by 10% in foreign exchange rates	(132,337)	(92,636)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

		2015		2014	
Consolidated Group	**Note**	**Net Carrying Value**	**Net Fair Value**	**Net Carrying Value**	**Net Fair Value**
		$	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	(i)	374,545	374,545	660,973	660,973
Trade and other receivables	(i)	1,748,176	1,748,176	2,684,979	2,684,979
Total financial assets		2,122,721	2,122,721	3,345,952	3,345,952
Financial liabilities					
Trade and other payables	(i)	2,129,289	2,129,289	1,820,914	1,820,914
Bank loans	(ii)	26,542	26,542	36,190	36,190
Convertible and non-convertible loans including working capital loans	(ii)	3,281,978	3,281,978	2,556,214	2,556,214
Total financial liabilities		5,437,809	5,437,809	4,413,318	4,413,318

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

(ii) The carrying value of bank loans, convertible loans and other loans is equivalent to the fair value.

Note 24: Reserves

	Note	Consolidated Group 2015	2014
		$	**$**
Foreign currency reserve		(242,862)	88,695
Employee share reserve		335,828	-
Total reserves		92,966	88,695

Foreign Currency Reserve:

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income, as described in note 1(i) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Note 24: Reserves (cont.)

Employee Share Reserve:

At 30 June 2015, an amount of $335,828 has been included in an equity reserve (2014: $214,167, included in trade and other payables) in respect of services to be remunerated through the issue of 2,995 (2014: 1,713) shares.

On 21 September 2011, the Board approved implementation of the Employee share plan with a restriction that the total number of shares issued shall not exceed 13% of issued share capital. At 30 June 2014 and 30 June 2015, there were 5,996 employee shares on issue, representing 6.45% of issued shares.

At 30 June 2015, an amount of $335,828 has been included in an equity reserve (2014: $214,167, included in trade and other payables) in respect of services to be remunerated through the issue of 2,995 (2014: 1,713) shares. Of these shares, 1,438 shares (2014: 580 shares) are to be issued under the Employee share plan. Upon issue, employee shares will represent 8.8% of issued shares.

During the year, the Directors approved the issue of a further 282 (2014: Nil) shares under the Employee share plan. During the year 342 shares to be issued under the Employee share plan lapsed due to cessation of employment.

Note 25: Company Details

The registered office and principal place of business of the company is:

Suite 206
2 Pembroke Street
Epping, NSW, 2121, Australia

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 47, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

David Hind	**Tom Keleher**
Chair	Director

Dated this 28th day of October 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAREFOOT POWER PTY LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising Barefoot Power Pty Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAREFOOT POWER PTY LIMITED AND CONTROLLED ENTITIES (CONT)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

We were appointed as auditors of the entity during the year ended 30 June 2014. The predecessor auditor issued a qualified opinion on the consolidated financial report for the year ended 30 June 2013. A qualified opinion was issued on the consolidated financial statements for the year ended 30 June 2013 as the predecessor auditor was unable to determine whether any adjustments to the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended were necessary due to sufficient appropriate audit evidence about the following were not obtained.

- the occurrence, accuracy and cut-off of sales transactions of $507,698;
- the completeness, accuracy and cut-off of cost of goods sold of $387,341;
- the completeness and accuracy of employee benefits expense of $221,772;
- the existence and valuation of debtors balance of $109,224; and
- the valuation and cut-off of inventory balance of $306,099.

As a result of above, we issued a qualified opinion for the consolidated financial statements for the comparative year ended 30 June 2014 as we were unable to determine whether adjustments might have been necessary in respect of the income for the comparative year reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities for the comparative year reported in the statement of cash flows.

We were unable to satisfy ourselves by alternative means concerning the above matters as they relate to the comparative year ended 30 June 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without further modifying our opinion, we draw attention to Note 1(w) in the financial report, which indicates that as at 30 June 2015 the consolidated entity has negative net equity of $2,100,289 following an operating loss for the year of $2,226,511. Additionally, liabilities of the company include $3,013,106 shareholder loans. These conditions, along with other matters as set forth in Note 1(w), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the financial report has been prepared on a going concern basis in accordance with the Board of Directors' plan for the consolidated entity as disclosed in Note 1(w).

Mazars Australia

P. N. Collins.

Paul Collins
Partner
Sydney, 4 November 2015

ADDITIONAL INFORMATION

20 Largest Shareholders of each Class as of 30 June 2015 and 30 June 2014

Holder of Ordinary Shares	2015	2014
Oikocredit	20,376	20,376
Insitor Fund	11,001	11,001
Kam Investments BV	10,712	10,712
Dutch Oak Tree Foundation	10,000	10,000
The Grace Foundation	6,105	6,105
SA Crane	5,000	5,000
HWA Andrews	5,000	5,000
Ennovent Mauritius	3,155	3,155
V Veysey	2,378	2,378
D Coghill	2,000	2,000
S Andrews	1,390	1,390
J Shah	1,169	1,169
Crescat Investments	1,125	1,125
C Arnould	1,019	1,019
JS Hind and DA Hind	1,000	1,000
R Schwartz	880	880
J Barendregt	800	800
M & J Andrews	760	760
J de Mucci	760	760
E Hogan	650	650
Other shareholders	7,616	7,616
	92,896	92,896

Voting Rights

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held. Any shares which are not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share.